

12/7/66

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MEMORANDUM FOR: [REDACTED]

SUBJECT : Department of State Vs. Agency Practice of Reimbursing  
for Indirect Route Travel

1. For several years the Agency has followed the policy of reimbursing employees for indirect route travel costs at a rate not to exceed the "constructive costs" which would have been incurred if they had utilized first class accommodations by a direct route. The Department of State and other Government Agencies have followed a similar practice.
2. Recently, however, the Department issued Circular 1449 (copy attached) which provides that State employees who travel by indirect routes will receive reimbursement based on the mode and class of transportation actually used on the indirect route, instead of the "constructive" first class rate as heretofore. It is understood that the Department's action was taken in order to reduce travel costs. It is believed, however, that if this rule were to be applied to Agency employees the effect would be to greatly reduce indirect travel, thereby depriving overseas employees of a privilege which means a great deal to them, but that little if any savings of official funds would be realized.
3. The Agency Travel Regulations are presently in process of being revised to clarify certain technical points pertaining to constructive cost and the question has arisen as to whether Agency Regulations pertaining to indirect travel should be changed to conform to those recently adopted by the Department of State, or whether we should continue the policy that we have followed for the past several years.
4. We have checked with the General Counsel's Office and they have confirmed that the Agency's present practice of reimbursing on a "constructive cost not to exceed first class" basis is legal, in accordance with Standardized Government Travel Regulations, and has

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been repeatedly upheld by Comptroller General Rulings on this subject. I have discussed this matter with [REDACTED] and he sees no objections from a cover standpoint to the Agency continuing its present practice of reimbursement for indirect route travel. The DD/S has indicated informally that he is in favor of continuing the present practice, unless you feel that there are considerations which make it advisable to change our policy to conform to that of the Department of State.

5. Unless you feel that it is necessary to make a change in existing Agency policy on this subject, we propose to recommend to the DD/S that the Agency continue the practice of reimbursing employees for the actual costs of indirect route travel at a rate not to exceed the "constructive cost" which would have been incurred if they had used first class accommodations on a direct route.

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[REDACTED]  
ASSA-DD/S

Attachment: Cy of Department of State  
Instruction 1449, dtd 18 Oct. 60

Concur:

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[REDACTED]  
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29 Dec. 60